

El Salvador - Production and Business Services

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Overview

Identification

COUNTRY

El Salvador

EVALUATION TITLE

Production and Business Services

EVALUATION TYPE

Independent Evaluation

ID NUMBER

DDI-MCC-SLV-MPR-PBS-2013-v1

Version

VERSION DESCRIPTION

- v01: Edited, anonymous dataset for public distribution.

Overview

ABSTRACT

Final Performance Evaluation:

To guide the analysis, a research framework composed of the following five research questions was used: (1) How was the PBS Activity designed and why was it designed this way? (2) How was the activity implemented? (3) Did the activity produce its desired results, and what is the extent of the relevant evidence? (4) What was learned about supporting enterprise development and how sustainable are MCC's efforts in this area? and (5) What are the lessons for MCC and other stakeholders from the design and implementation of this activity?

This analysis relies on a mixed-methods approach, in which Mathematica staff collected and analyzed qualitative and quantitative data from a variety of sources, including administrative records, programmatic reports, and stakeholder interviews. In July 2012, Mathematica staff conducted interviews with MCC, FOMILENIO, Chemonics, and technical service provider staff, as well as members of FOMILENIO's board of directors, an official from the Ministry of Agriculture, representatives from Súper Selectos (a major grocery store chain in El Salvador), PBS participants, and representatives from FOMILENIO-supported enterprises. To formulate primary findings and conclusions, Mathematica staff triangulated qualitative information provided by all interviewed stakeholders and analyzed this information in conjunction with administrative reports and records.

Interim Impact Evaluation:

The Productive Development Project (PDP) was one of three large-scale projects financed under the 2006 compact between the Millennium Challenge Corporation (MCC) and the Government of El Salvador. The main objective of the PDP was to assist in the development of profitable and sustainable business ventures for poor individuals in El Salvador's Northern Zone. Between 2008 and 2012, the PDP used nearly \$72 million in allocated funds to serve over 13,500 participants and create more than 11,000 full-time equivalent jobs. The PDP comprised three activities: Production and Business Services (PBS), Investment Support, and Financial Services. The PBS Activity -- the subject of this impact evaluation and the largest of the three activities -- provided technical and material assistance to farmers and small-scale producers to support the Northern Zone's dairy, fruit, horticulture, handicrafts, tourism, forestry, and coffee sectors.

The design for the impact evaluation of the PBS Activity is a randomized rollout design, in which some producers were offered PBS assistance several months before other producers were offered similar assistance. The goal of this design is to attain the highest level of rigor possible without significantly altering existing implementation plans. The evaluation is limited to three value chains: (1) handicrafts, (2) dairy, and (3) horticulture. Among all value chains in the PBS, these three chains were most amenable to random assignment, and were expected to yield impacts in the one-year interim timeline specified for the evaluation.

Treatment groups were offered PBS assistance in the first implementation phase (beginning in late 2009 for handicrafts and mid-2010 in the case of the dairy and horticulture chains) and control groups in the dairy and horticulture chains were offered PBS assistance roughly one year after the treatment group. As over 15,000 individuals had participated in the PBS Activity by August 2012, this evaluation sample of 1,736 individuals (518, 593, and 625 in the dairy, horticulture, and handicrafts chains, respectively) includes only 11 percent of the individuals served under the activity.

EVALUATION METHODOLOGY

Pre-Post Performance, Randomization Impact

UNITS OF ANALYSIS

Producer level and household level data were collected. The evaluation measured the impact of PBS assistance on employment creation and producers' investment and income, on household income, and intermediate outcomes, such as production levels, business practice adoption, technology adoption, and product diversification.

Income was tracked at the producer and household levels because income at the producer level provides the most direct measure of the economic impact of PBS assistance, whereas income at the household level provides a measure of the ultimate effect of assistance on the well-being of producers' households.

KIND OF DATA

Sample survey data [ssd]

TOPICS

Topic	Vocabulary	URI
Agriculture & Irrigation	MCC Sector	

KEYWORDS

Agriculture, Irrigation, Horticulture, Handicrafts, Farmer Training

Coverage

GEOGRAPHIC COVERAGE

The PBS Activity targeted poor farmers, organizations, and micro-, small, and medium enterprises that benefit poor inhabitants of the Northern Zone. Therefore, the sample covered only geographic regions in El Salvador's Northern Zone, including Cabanas, Chalatenango, Custcatlan, Morazan, San Miguel, Santa Ana, and La Union.

UNIVERSE

The survey covered producers in the handicraft, horticulture, and dairy value chains in the Northern Zone. On average, producers in the handicraft, horticulture, and dairy chain were 40, 45, and 50 years old, respectively.

Producers and Sponsors

PRIMARY INVESTIGATOR(S)

Name	Affiliation
Mathematica Policy Research, Inc.	MPR

FUNDING

Name	Abbreviation	Role
Millennium Challenge Corporation	MCC	

Metadata Production

METADATA PRODUCED BY

Name	Abbreviation	Affiliation	Role
Millennium Challenge Corporation	MCC		Review of Metadata

DATE OF METADATA PRODUCTION

2018-04-16

DDI DOCUMENT ID

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MCC Compact and Program

COMPACT OR THRESHOLD

El Salvador Compact I

PROGRAM

The main objective of the Productive Development Project (PDP) was to assist in the development of profitable and sustainable business ventures for poor individuals in El Salvador's Northern Zone. Over approximately four years, the PDP used nearly \$72 million in allocated funds to provide over 13,500 participants with technical and material assistance and create more than 11,000 full-time equivalent jobs. The PDP comprised three activities: Production and Business Services (PBS), Investment Support, and Financial Services. The PBS Activity offered training and technical assistance, in-kind donations, and other business development services to small farmers and business owners. The Investment Support Activity offered investment capital (in the form of long-term loans of over \$50,000) for viable business proposals. Lastly, the Financial Services Activity supported two loan guarantee programs targeting micro-, small, and medium enterprises, as well as a small technical assistance program to financial institutions. This evaluation investigates the impact of FOMILENIO's offer of PBS assistance on employment creation, household income, and other factors.

MCC SECTOR

Agriculture and Irrigation (Ag & Irr)

PROGRAM LOGIC

PBS service providers offer technical assistance and in-kind donations to farmers and artisans. In addition, small-scale producers receive training through use of demonstration plots (in the case of the horticulture and dairy chains), which allow for observation and hands-on exposure to new crops, production technologies, and irrigation techniques. A portion of PBS participants also have access to investment capital through Activity 2 of the PDP (Investment Support), as well as small loans through Activity 3 of the PDP (Financial Services). This capital can help producers transition to high-value crops and finance new production technologies such as greenhouses and irrigation systems. As a result of training and assistance, farmers develop stronger business and technical skills. With these new skills as well as donated inputs and increased investments, farmers generate increased and more diversified production. In addition, enterprises supported by FOMILENIO provide participating farmers with cheaper inputs and pay farmers a higher price for their production. This leads to increased sales, income, and profits. As defined in the compact, PBS participants were expected to increase their annual income by 15 percent, on average, as a result of assistance.

PROGRAM PARTICIPANTS

Over 15,000 individuals had participated in the PBS Activity by August 2012 and the evaluation sample of 1,736 individuals (518, 593, and 625 in the dairy, horticulture, and handicrafts chains, respectively) includes only 11 percent of the individuals served under the activity.

Sampling

Study Population

The survey covered producers in the handicraft, horticulture, and dairy value chains in the Northern Zone. On average, producers in the handicraft, horticulture, and dairy chain were 40, 45, and 50 years old, respectively.

Sampling Procedure

For each value chain, a few weeks prior to the start of the first cycle, Chemonics provided Mathematica with lists of potential beneficiaries required for each value chain. The number of potential beneficiaries on these lists was determined by Chemonics' target number of participants for each implementation cycle, as well as Mathematica's preliminary calculations of the size of the impacts that the evaluation would be likely to detect with those sample sizes. Within the lists, producers were organized by groups -- either the groups in which they already worked or new groups organized by Chemonics for training and assistance purposes.

Then, for each value chain, Mathematica randomized the set of potential beneficiaries into two groups: the treatment group, which would be served in the first cycle, and the control group, which would be served in the second cycle. Groups and individuals designated as exceptions by Chemonics were excluded from randomization. Mathematica sent the randomized lists of assigned potential beneficiaries to Chemonics, and Chemonics informed producers of the start-date of their services.

Response Rate

Baseline and follow-up surveys had response rates above 89 percent, and treatment and control groups in the dairy chain had slightly less than 90 percent of randomized producers in the final evaluation sample.

Weighting

Statistical weights cannot be used to make the evaluation results truly representative of all PBS participants. This is because the study population was not drawn randomly from the full range of geographic locations served under PBS. Furthermore, the study population was deemed to be eligible only under Phase I selection criteria, as opposed to a substantial portion of PBS beneficiaries, who met stricter Phase II eligibility standards.

Questionnaires

No content available

Data Collection

Data Collection Dates

Start	End	Cycle
2009-10	2010-05	Handicrafts Baseline (Impact)
2010-11	2011-06	Handicrafts Follow Up (Impact)
2008	2012	Administrative data (Performance)
2012	2012	Qualitative Data Collection (Performance)

Data Collection Notes

While this rigorous evaluation provides an unbiased estimate of the impact of PBS assistance, its primary limitation is the lack of generalizability of its impact estimates. With an analysis sample of less than 2,000 producers in only three value chains, this evaluation's results cannot be extrapolated to the entire population of 16,500 producers assisted all value chains of the PBS activity. In addition, the evaluation's one-year time frame precludes a rigorous evaluation of the impact of PBS assistance over the full multi-year compact period.

Data Collectors

Name	Abbreviation	Affiliation
Ministry of Economy's General Office of Statistics and Census		Government of El Salvador
Isabel Rodriguez		FOMILENIO
William Mejia		Chemonics
Mathematica Policy Research, Inc	MPR	

Data Processing

No content available

Data Appraisal

No content available